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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/617,853	07/17/2000	Thomas C. Naratil	74622-011	8319

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PROSKAUER ROSE LLP  
One International Place  
Boston, MA 02110

EXAMINER
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GREENE, DANIEL LAWSON

ART UNIT	PAPER NUMBER
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3694

NOTIFICATION DATE	DELIVERY MODE
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08/05/2010

ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

mahmed@proskauer.com  
NYPatentAdmin@proskauer.com

<b>Office Action Summary</b>	<b>Application No.</b> 09/617,853	<b>Applicant(s)</b> NARATIL, THOMAS C.	
	<b>Examiner</b> DANIEL L. GREENE JR.	<b>Art Unit</b> 3694	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 14 May 2010.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 18-31 and 33-42 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 18-31 and 33-42 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |   |   |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                    | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)         | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____   | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

1. Applicant's 5/14/2010 response to the previous 12/29/2009 Office action has been considered and entered. An action on the merits of pending Claims 18-31 and 33-49 follows.

#### ***Response to Arguments***

2. Applicant's arguments, see pages 8-10, filed 5/14/2010, with respect to the rejection(s) of claim(s) 18-20, 22-24, 26, 27, 30, 31 and 33-42 under the 35 USC 103(a) rejection set forth in sections 7 and 10 of said previous Office action have been fully considered and are persuasive. Therefore, the rejection has been withdrawn. However, upon further consideration, a new ground(s) of rejection is made in view of U.S. Patent 7,613,647 to Cushing et al. (Cushing)

#### ***Claim Rejections - 35 USC § 103***

3. The text of those sections of Title 35, U.S. Code not included in this action can be found in a prior Office action.

4. **Claims 18-20, 22-24, 26, 27, 30, 31 and 33-42 are rejected under 35 U.S.C. 103(a) as being unpatentable over "Telerate adds GovPX US Treasury Prices and Information" (Telerate) in view of US 200/0044767 to Madoff et al. (Madoff) and further in view of Schott "Subject: Treading- Price Improvement" (Schott) and further in view of U.S. Patent 7,613,647 to Cushing.**

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**Regarding claims 18, 33 and 42** Telerate discloses a method and a server system for the automated trading of financial instruments, comprising:

an updatable database that receives real time price and quantity information pertaining to each of a plurality of financial instruments from a market data feed, the plurality of financial instruments constituting an offering inventory in for example, page 1 paragraph 1;

Telerate does not appear to expressly disclose a server that automatically:

receives a first order to execute a first trade of a selected financial instrument;

forwards the first order to a trading system to execute the first trade;

identifies an offsetting trade relative to the first trade or first order of the selected financial instrument, wherein the offsetting trade is identified within a predefined period of time after forwarding the first order to the trading system for execution;

determines a price improvement value based on a first price for the first trade or first order of the selected financial instrument and a second price for the offsetting trade of the selected financial instrument; and

applies the price improvement value to at least the first price for the first trade or first order of the selected financial instrument, resulting in an adjusted first price.

Madoff discloses a server that automatically:

receives a first order to execute a first trade of a selected financial instrument;

forwards the first order to a trading system to execute the first trade;

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identifies an offsetting trade relative to the first trade or first order of the selected financial instrument, wherein the offsetting trade is identified within a predefined period of time after forwarding the first order to the trading system for execution;

determines a price improvement value based on a first price for the first trade or first order of the selected financial instrument and a second price for the offsetting trade of the selected financial instrument; and

applies the price improvement value to at least the first price for the first trade or first order of the selected financial instrument, resulting in an adjusted first price in, for example, the abstract, page 3, Col 1 [0029]-[0030], page 4 col. 2 [044]-page 5, Col. 1 line 11 and page 5, Col. 1 [0045]-[0046], Claims 1-40 etc..

At the time of the invention it would have been obvious to one of ordinary skill in the art to modify the invention of Telerate with the teachings of Madoff to arrive at a system that actively trades at current market prices. One would have been motivated to combine the references and teachings for the benefit of ensuring maximum savings while trading stocks, etc. by ensuring the prices are as accurate as possible across all possible markets.

Although it is considered Madoff discloses applicant's invention as claimed, and explained above, it appears applicant is of the opinion that Madoff does not explicitly disclose identifying an offsetting trade relative to the first trade or first order of the selected financial instrument, wherein the offsetting trade is identified within a predefined period of time after forwarding the first order to the trading system for execution; determining a price improvement value based on a first price for the first trade

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or first order of the selected financial instrument and a second price for the offsetting trade of the selected financial instrument; and applying the price improvement.

Madoff clearly teaches price improvement in for example, claim 18.

Schott teaches the claimed method of price improvement in for example, page 2, paragraph 3, reproduced immediately below:

Moreover, big brokers often have a small inventory of actively traded stocks they make a market in and can effectively cut-off (cross) an order before it hits the exchanges. A brokerage house can also program its computer to recognize when two orders flowing in from their regional offices make a pairing that can be summarily crossed. Generally, the broker keeps the spread, but some brokers give the advantage to the customer. Most notable in this respect is Schwab's new "no spread" trading system which crosses customer orders for participants. Instead of executing your order on the normal markets immediately, Schwab routes it to their "waiting room". If there is another order there that mates with yours the trade is immediate - if not, you sit there until that mating order shows up. In either case, Schwab takes its commission and splits the spread with the two customers. It remains to be seen how well this idea works. Evaluating the potential for a delayed trade and the price volatility of the stock itself versus the spread savings will make it difficult for an individual to decide whether to participate.

At the time of the invention it would have been obvious to one of ordinary skill in the art to combine the teachings of Scott with the invention of Telerate as modified by Madoff as set forth above for the purpose of saving money. See for example, Schott page 1, paragraph 5, reproduced immediately below:

Price improvement is extremely important to people who frequently trade large blocks of stocks. These people care more about superior executions (i.e., price improvement) than the brokerage house's commission. After all, a 1/8-point improvement on a 1000-share trade makes a \$125 difference. So beware saving a penny on the commission and losing a pound on the execution price.

Cushing discloses in, for example, Col. 5, lines 27-36 (reproduced immediately below) that client orders are submitted to the SPI server which serves as an alternative to a market order. Accordingly price improvement occurs within a predetermined time AFTER the order is submitted to "a server".

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desired time frame. In other words, clients submitting orders stating "buy 5,000 shares of IBM within 20 minutes" to a server running the SPI strategy are essentially stating a desire to purchase 5,000 shares of the stock at the best (lowest) price within the 20 minute time frame. Orders placed to a SPI server would serve as an alternative to a market order where the client's time horizon is relatively short. 30

The SPI strategy server continuously receives and monitors a variety of market indicators in order to determine the best way to execute a given client order. Depending upon 35

At the time of the invention it would have been obvious to one of ordinary skill in the art to provide the price improvement after the trade is submitted for the purpose of, for example, ensuring the order is accurate and actually desired. Furthermore, one of ordinary skill in the art would be motivated to provide the price improvement both before and after for the purpose of saving as much money as possible during the trade transaction.

**Regarding claim 19** and the limitation wherein the server cancels or revises orders or trades see, for example, Madoff page 6, Col. 1 [0058]- Col. 2 line 11.

**Regarding claim 20** and the limitation wherein the server notifies a user that an order has been executed see, for example, Madoff page 6, Col. 1 [0065]- page 7, Col. 1 [0068].

**Regarding claim 22** and the limitation wherein the server automatically updates the offering inventory. Madoff discloses, The system of claim 18, said system proprietor automatically updating the offering inventory (page 3, col. 2 [0036]-page 4, col. 1, line 12)).

**Regarding claim 23** and the limitation the market data feed being provided by at least one Interdealer Broker see, for example, Telerate page 2, paragraph 2.

**Regarding claim 24** and the limitation, the market data feed being reformatted to record-based data prior to entry into the system see, for example, Telerate page 2, paragraphs 2 and 3.

**Regarding claim 26** and the limitation wherein the server calculates a derived price for the selected financial instrument, the derived price being calculated by:

(a) determining a spread between a last transaction price and a desired transaction benchmark for the selected financial instrument;

(b) determining a current existing price of the desired transaction I benchmark;  
and

(c) adding the spread to the current existing price of the transaction benchmark, see, for example, Madoff page 3, col. 1 [0029]-[0030], page 4, col. 2 [0044]-page 5, col. 1, line 11 and page 5, col. 1 [0045]-[0046] as well as Schott whole document

**Regarding claim 27** and the limitation wherein the server generates a confirmation of the first trade after execution thereof see, for example, Madoff page 3, Col. 2, Para. [0031].

**Regarding claim 30** and the limitation wherein the second price of the offsetting trade prior to application of the price improvement value is a national best bid and offer price, see for example, Madoff page 3, Para. [0029].



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**Regarding claim 31** and the limitation wherein the server converts the national best bid and offer price to a derived price in the event the national best bid, and offer price is not available see for example, Madoff page 3, Para. [0030].

**Regarding claims 34 and 35** the limitations wherein the server automatically applies the price improvement value to the second price for the offsetting trade of the selected financial instrument, resulting in an adjusted second price for the offsetting trade, see the rejection of corresponding parts for claims 18, 33 and 42 above wherein it is understood that in order for price improvement to occur the two orders must have their prices improved and accordingly trade at the improved price.

**Regarding claims 36 and 37 and** the limitations wherein the price improvement value is determined based on an average of the first price for the first trade or first order of the selected financial instrument and the second price for the offsetting trade of the selected financial instrument.

**Regarding claims 38 and 39 and** the limitations wherein the price improvement value is determined to make the adjusted first price for the first trade or first order of the selected financial instrument equal to the second price for the offsetting trade of the selected financial instrument.

**Regarding claims 40 and 41 and** the limitation wherein the predefined period of time is within 30 seconds see, for example, Madoff [0030] wherein the exposure time of 15 seconds is set forth.

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**5. Claims 21, 28 and 29 are rejected under 35 U.S.C. 103(a) as being unpatentable over Telerate as modified and applied to claims 18-20, 22-24, 26, 27, 30, 31 and 33-42 above and further in view of Official Notice.**

**Regarding claims 21, 28 and 29** and the limitations wherein the server presents an interface for providing a user with the capability to manually update the offering inventory and to manually enter interfirm or dealer to dealer trades for execution.

Telerate and Madoff do not appear to expressly disclose an interface for providing a user with the capability to manually update the offering inventory.

Official notice is taken that it is old and well known to manually update an offering inventory and trades since the process of updating inventories and trading were first performed manually then became automated processes.

Therefore, it would have been obvious to one having ordinary skill in the art at the time the invention was made to manually update an offering inventory in view of the fact that it was once a manually process which has been automated.

**6. Claim 25 is rejected under 35 U.S.C. 103(a) as being unpatentable over Telerate as modified and applied to claims 18-20, 22-24, 26, 27, 30, 31 and 33-42 above and further in view of Official Notice.**

**Regarding claim 25** and the limitation, further comprising a filter for removing incorrect market data from the offering inventory.

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Official Notice is taken that this is old and well known in the art of market data in an Internet or network environment.

It would have been obvious to one having ordinary skill in the art at the time the invention was made to have a filter for removing incorrect market data because this would enhance the ability to not have duplicate market data and flush out any inconsistencies in the market data.

### ***Conclusion***

7. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a).

Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

8. A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

9. Any inquiry concerning this communication or earlier communications from the examiner should be directed to DANIEL L. GREENE JR. whose telephone number is (571)272-6876. The examiner can normally be reached on Mon-Thur.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James P. Trammell can be reached on (571) 272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

10. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Ella Colbert/  
Primary Examiner, Art Unit 3694

/D. L. G./  
Examiner, Art Unit 3694